

Implied Volatility Matrix:

The idea of this dissemination is to provide an implied volatility surface based on the traded data of a day subject to the following:

1. The data shall be disseminated for FCY-INR Interbank currency options.
2. The dissemination will happen with a lag of 2 business days for all trades reported and matched in CCIL TR.
3. In case of mismatch between the IVs reported by the counterparties, the average of the reported IVs is used for dissemination subject to it passing the Tolerance Check. The Tolerance Check is conducted to ensure that the divergence between the reported IVs is within the Threshold Limit. The Threshold Limit is currently fixed at 10% of the higher of the two reported IVs. Trades which fail the Tolerance Check are not considered for dissemination.
4. Currency pair wise table will be made available.

This matrix will be made available on a dynamic strike and tenor basis. Accordingly, the following steps are undertaken:

- 1) Spot rate is derived from Reuters page of respective currency taken at around 5 PM IST
- 2) The central starting strike rate is set equal to the closing spot rate of the currency pair.
- 3) A starting slab level of 0.50% is considered and each subsequent slab is created by increasing the previous slab level by the starting slab level of 0.50%.
- 4) The result is then added and subtracted from 1 to arrive at the boundary level of each bucket.
- 5) 16 buckets are created by multiplying the boundary level with the central strike rate.
- 6) 2 additional buckets are created to incorporate levels below and above the last boundaries.
- 7) Dissemination is based on option expiry date.
- 8) In the Strike – Tenor matrix the implied volatility is disseminated for FCY-INR Interbank currency options.

Tenor dates:

- For the first tenor bucket, the tenor start date is the current calendar date. The tenor end date for any bucket is the last good business day of the respective tenor bucket.
- Subsequent tenor start date is tenor end date + 1 good business day.